

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 EURE-00 SCEM-02 SCI-06 EB-11

INT-08 COME-00 STR-08 TRSE-00 OMB-01 CIEP-02 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 IO-14

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 5947

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ENRG, EEC, US

SUBJECT: SIMONET DISCUSSES EC-US COOPERATION IN ENERGY AND
A COMMUNITY ENERGY POLICY

1. SUMMARY. IN A CONVERSATION WITH SENATOR KENNEDY, EC
COMMISSION VICE PRESIDENT SIMONET STRESSED THE CONTINUING NEED
FOR EC-US COOPERATION IN ENERGY. HE EMPHASIZED THE DISRUPTIVE
EFFECT WHICH A DISAGREEMENT ON CURRENT OIL PROBLEMS WOULD HAVE
ON OTHER ASPECTS OF ATLANTIC RELATIONS. HE ALSO DISCUSSED THE
DIFFICULTIES IN REACHING A COMMON EC ENERGY POLICY. END SUMMARY.
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2. IN A FRANK AND FRIENDLY CONVERSATION WITH SENATOR EDWARD KENNEDY ON OCTOBER 26, VICE PRESIDENT HENRI SIMONET OF THE COMMISSION OF THE EUROPEAN COMMUNITIES DISCUSSED COOPERATION BETWEEN THE COMMUNITY AND THE U.S. IN ENERGY MATTERS AND THE PRESENT STATUS OF EFFORTS TO FORMULATE A COMMUNITY ENERGY POLICY. HE SAID HE WAS AWARE OF U.S. DISAPPOINTMENT WITH EUROPE IN RECENT ENERGY DEVELOPMENTS AND HOPED THIS WOULD NOT LEAD TO UNILATERAL U.S. ACTIONS. HE WAS ALSO AWARE THAT SOME EUROPEANS FEEL EUROPE STILL HAS SPECIAL TIES WITH THE ARAB WORLD AND DOES NOT NEED U.S. COOPERATION ON MIDDLE EAST OIL SUPPLIES. SIMONET SAID EMPHATICALLY THAT HE DOES NOT AGREE WITH THIS AND THAT A FAILURE TO COOPERATE WITH THE U.S. ON OIL AT THE PRESENT TIME COULD HAVE ADVERSE EFFECTS ON EFFORTS TO REFORM THE INTERNATIONAL MONETARY SYSTEM, ON THE MULTILATERAL TRADE NEGOTIATIONS, AND ON DEFENSE COOPERATION. HE SAID THE COMMISSION'S VIEW IS THAT "WE EUROPEANS MUST SEE THE POLITICAL IMPLICATIONS OF OUR ACTIONS."

3. THE FACT THAT THE UNITED STATES MUST DEPEND ON EXTERNAL SOURCES FOR A PORTION OF ITS OIL REQUIREMENTS FOR THE NEXT FOUR TO FIVE YEARS AT LEAST SHOULD LEAD TO A CALL FOR INTERNATIONAL COOPERATION AS A PART OF U.S. ENERGY POLICY, BUT SIMONET SAID HE DOES NOT SEE THE INTERNATIONAL EMPHASIS HE WOULD LIKE. BECAUSE THE U.S. IS A SINGLE ECONOMIC ENTITY (IN CONTRAST TO EUROPE WHICH IS NOT YET A COMPLETE COMMUNITY) AND STILL ASPIRES TO BE THE LEADER OF THE FREE WORLD, THE U.S. SHOULD PROPOSE AN "ENERGY CHARTER." SUCH A PROPOSAL WOULD FACILITATE THE NECESSARY INTERNATIONAL COOPERATION IN ENERGY MATTERS.

4. SIMONET THEN DESCRIBED THE DIFFICULTIES IN REACHING A COMMON COMMUNITY POSITION ON ENERGY IN GENERAL AND OIL IN PARTICULAR. HE SAID THE UK HAS NOT YET REALIZED THAT THE DAY OF THE MAJOR INTERNATIONAL OIL COMPANIES DEALING WITH PRODUCER GOVERNMENTS IS OVER. THE BRITISH ARE GREATLY DISAPPOINTED WITH THE RESULTS OF THEIR MEMBERSHIP IN THE COMMUNITY, THEY FACE GREAT INTERNAL PROBLEMS, AND THE LABOR PARTY WILL PUSH FOR SOME KIND OF REFERENDUM ON THE COMMUNITY QUESTION. THESE FACTORS LED THE BRITISH TO SAY NOW IS NOT THE TIME FOR ADOPTING A COMMON ENERGY POLICY.

5. THE GERMANS ARE READY TO ACCEPT A COMMUNITY POSITION ON OIL LIMITED OFFICIAL USE

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BUT INSIST THAT IT NOT BE CONTRARY TO U.S. VIEWS. SIMONET ADDED THAT GERMANY IS NOW UNDERGOING SOME RETHINKING OF ITS EUROPEAN POLICIES IN GENERAL; THE GERMANS ARE FED UP WITH PAYING FOR THE COMMUNITY WHILE NOT SEEING ANY PROGRESS IN INSTITUTIONAL REFORMS AND WHILE FRANCE CONTINUALLY OFFERS ADVICE TO THE GERMANS ON HOW TO BE GOOD EUROPEANS. THIS, TOGETHER WITH THE AWARENESS OF THE GERMANS OF THEIR SPECIAL RELATIONSHIP WITH THE U.S., HAS

LED ALMOST TO A DISENGAGEMENT FROM EUROPE IN GERMAN POLICIES.

6. THE FRENCH BELIEVE THEY STILL HAVE IMPORTANT TIES TO THE ARAB WORLD, ACCODING TO SIMONET. FRANCE IS OPPOSED TO THE ADOPTION OF A COMMUNITY POLICY REGARDING THE ARABS FOR THAT REASON, BUT ALSO BECAUSE OF ITS BASIC VIEW THAT THE COMMUNITY HAS NO FOREIGN POLICY RESPONSIBILITIES AND THE ADOPTION OF A COMMON POLICY TOWARD THE ARABS WOULD AMOUNT TO FOREIGN POLICY. FRANCE OPPOSES A COMMON POLICY ON COOPERATION WHT THE U.S. BECAUSE THAT WOULD ALSO BE COMMON FOREIGN POLICY.

7. SIMONET SAID THAT PRODUCER GOVERNMENTS HAD NOT REACTED UNFAVORABLY TO THE POSSIBILITY OF A COMMUNITY POLICY. INITIAL CONTACTS PRIOR TO OCTOBER 6 HAD INDICATED THAT AS LONGHAS THERE WAS NO CONFRONTATION, THE PRODUCER GOVERNMENTS APPEARED READY TO DISCUSS MUTUAL PROBLEMS, FOR EXAMPLE, SURPLUS CURRENCIES.

8. THE FULL REPORT OF THE CONVERSATION WILL BE FORWARDED BY AIRGRAM.HARTMAN

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